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OUTLOOK FOR POTASH IN ASIA

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**All the papers and presentations prepared for the
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compiled on a cd-rom to be released in December 2008.**



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Outlook for Potash in Asia



December 2008

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Canpotex

- World's leading exporter of potash
- Owned by Saskatchewan potash producers



Agrium
PotashCorp Mosaic

- Ten mines collectively represent the largest potash production capacity in the world

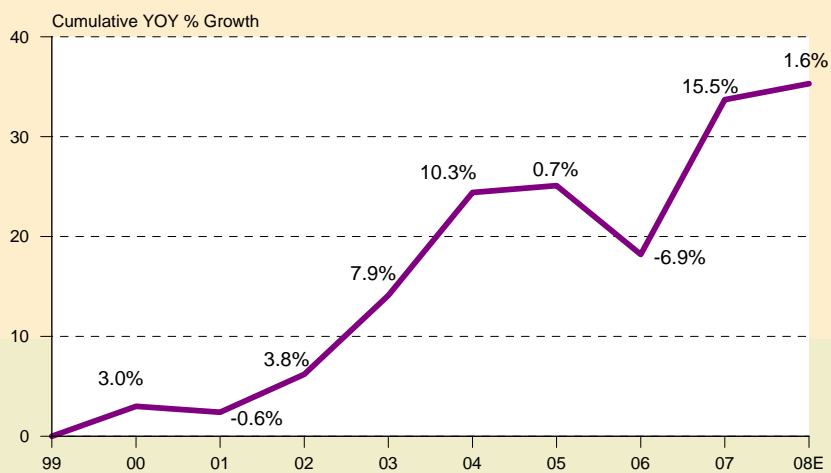
Canpotex



- Shareholder commitment to Canpotex is consistent and ongoing
- Since inception, Canpotex has sold approximately 160 million tonnes of potash to over 50 countries

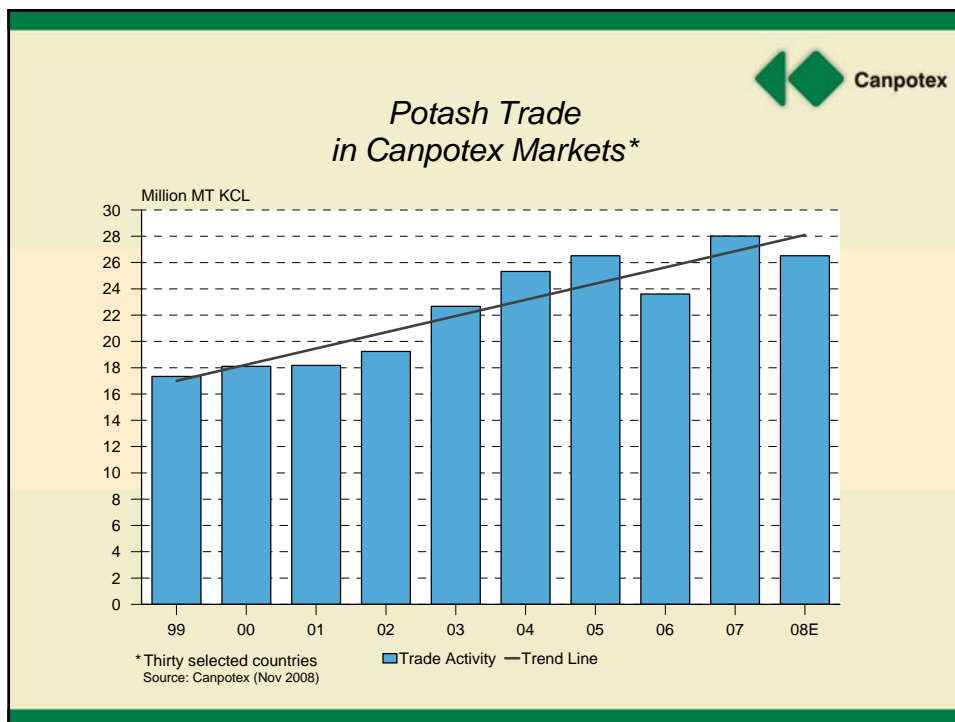



Growth in World Potash Demand



Source: IFA/Canpotex

— World




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Impacting Factors


- Long-term factors affecting potash demand
 - increasing world population
 - economic expansion and rising incomes
 - decreasing available agricultural land
 - development of biofuel industry
- Short-term factors affecting potash demand
 - world grain stocks
 - commodity prices
 - government subsidies on fertilizer
 - potash inventories

Potash Demand Fundamentals




Increasing population
Economic growth
Spreading urbanization


More-and-more food
Less-and-less land
Equals Fertilizer!

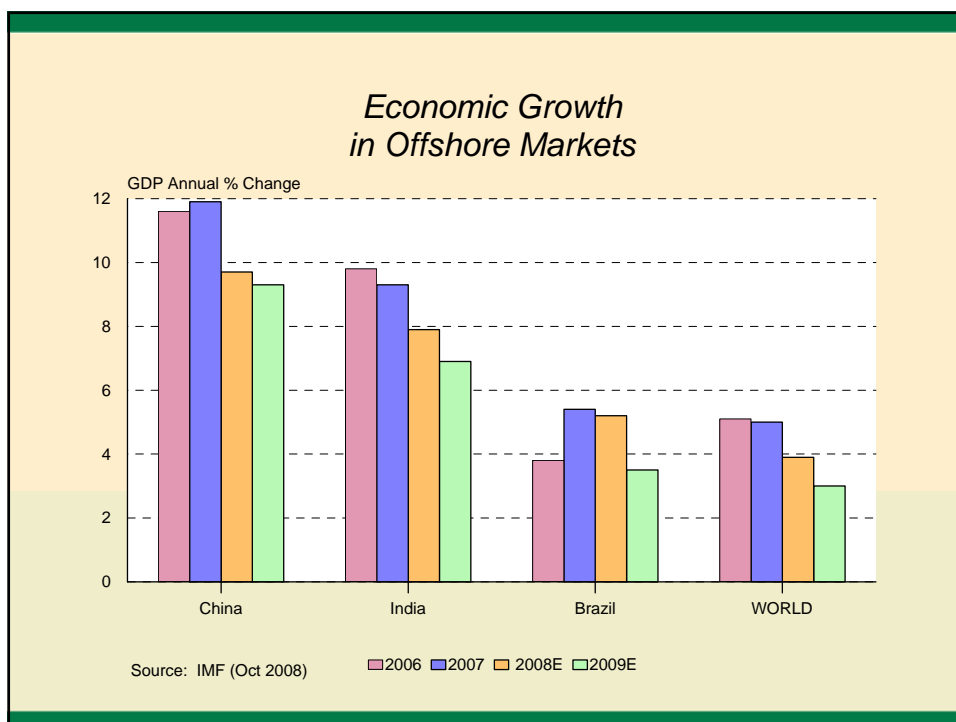
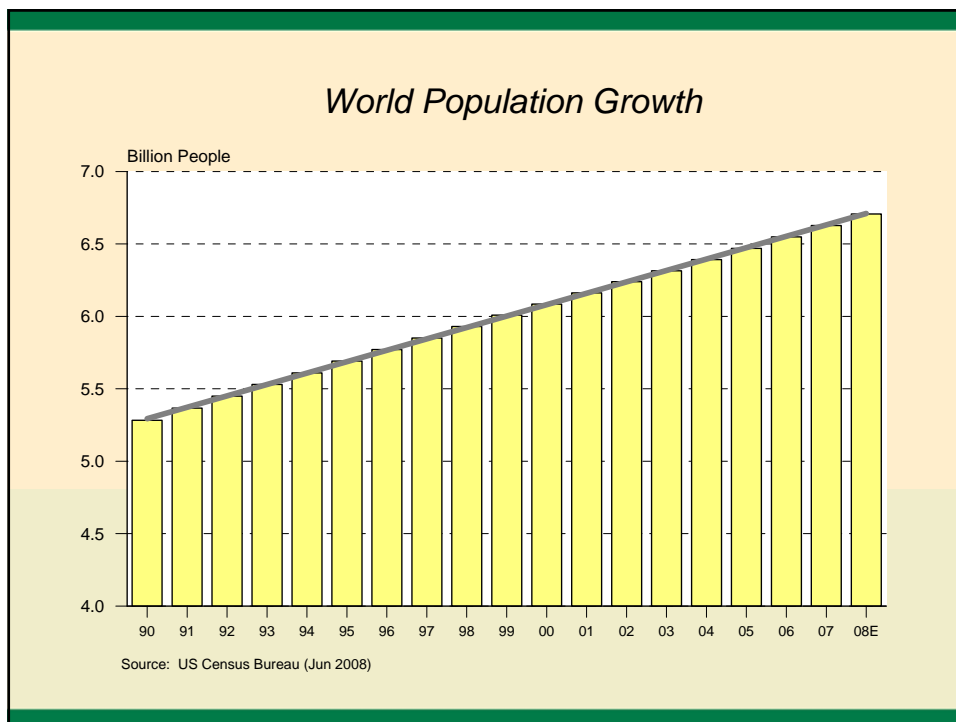


Primary Demand Drivers



- World population is growing by over 70 million people each year
 - food security
 - better diets



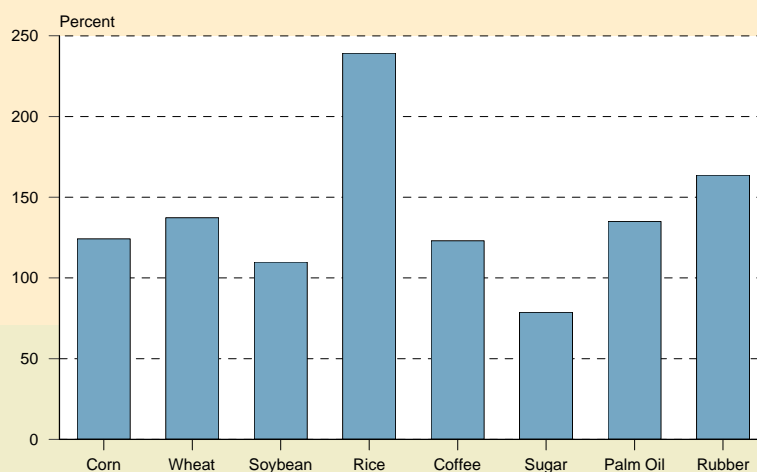


Biofuels

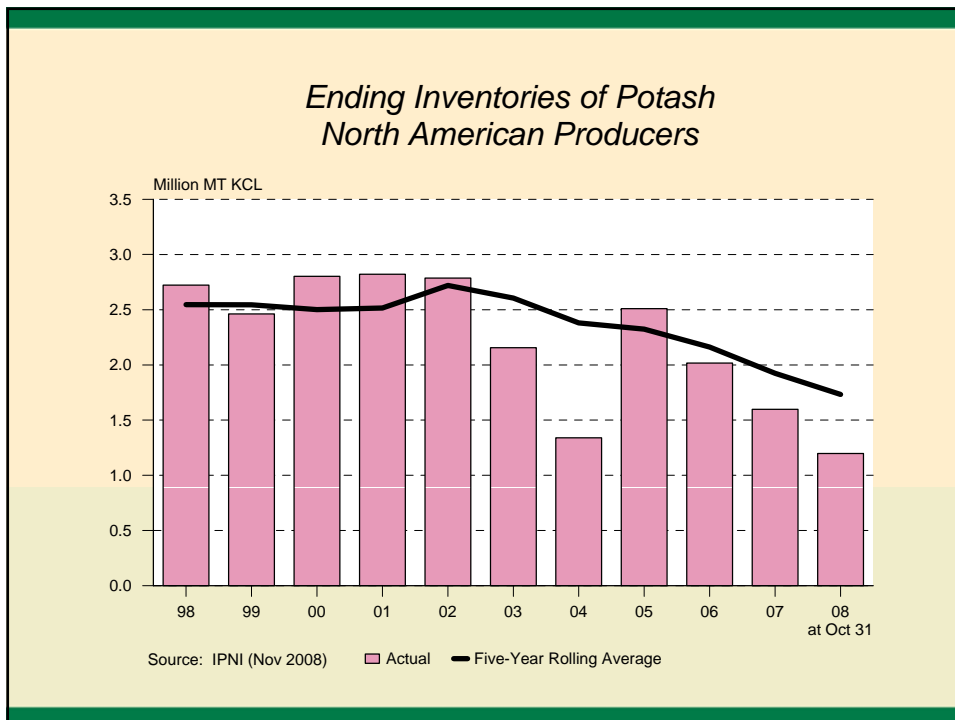
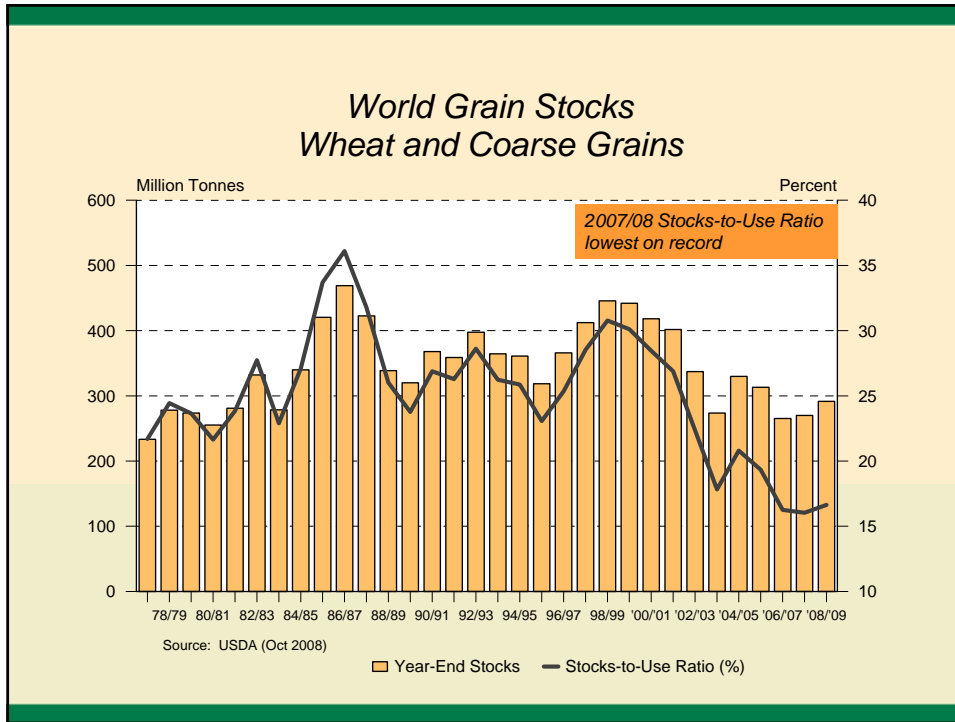
- Developing biofuel industry has **direct impact** on fertilizer demand
- Governments actively promoting biofuel initiatives
 - reliance on crude oil imports
 - environmental concerns
- Biofuels will be consuming an increasing percentage of agricultural outputs

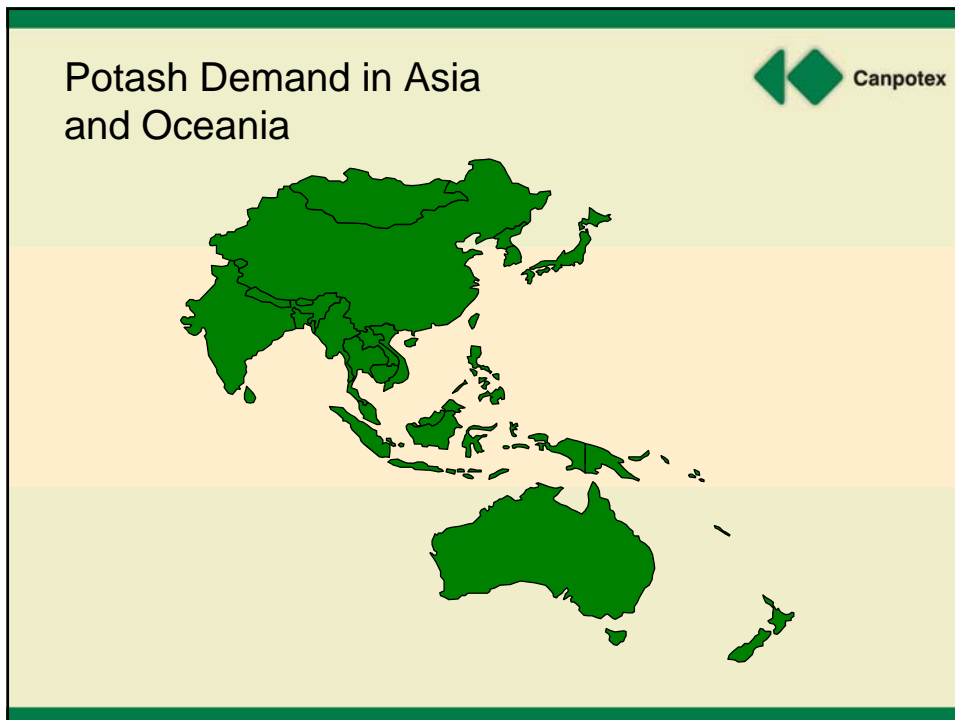
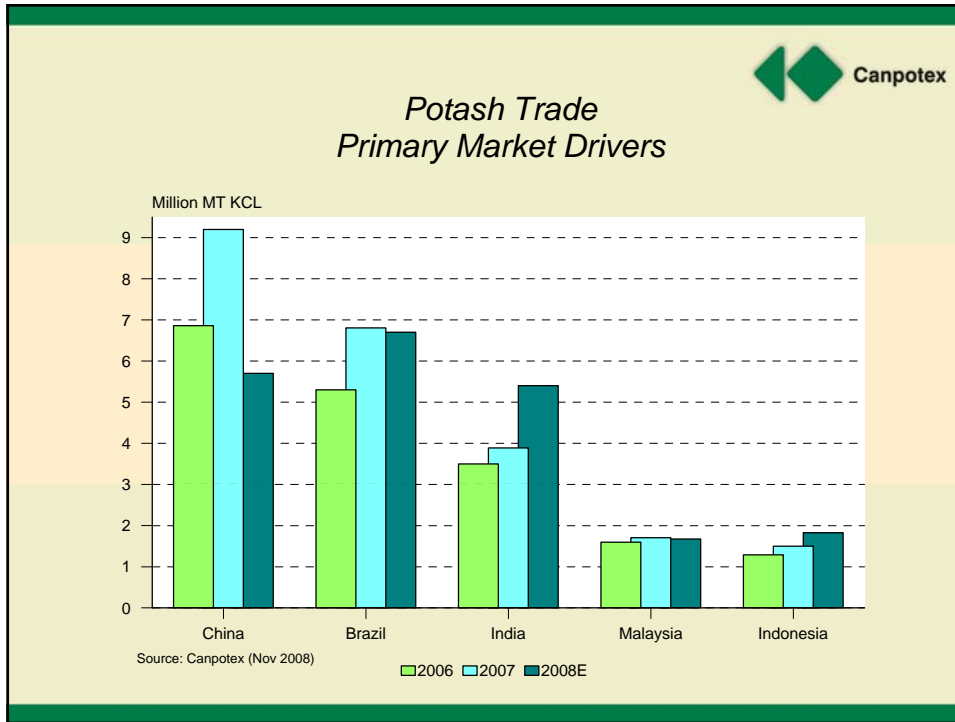


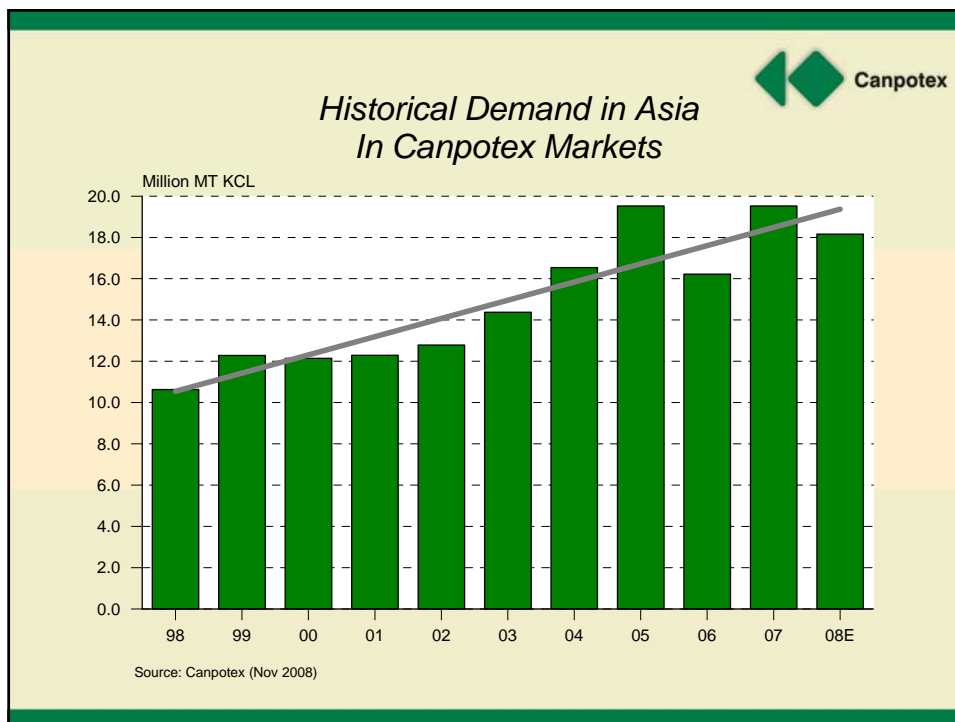
*Commodity Prices
Percentage Change 2003 vs 2008E*



Source: World Bank (Oct 2008)







China



- Growth in potash demand supported by surging economy and strong agricultural fundamentals
 - growing appetite for protein-rich diet
- China remains the largest international potash market in the world
- Government initiatives to:
 - maintain farmland
 - increase subsidies for agricultural inputs
 - increase income of rural population
 - maximize self-sufficiency in food production
 - increase grain output

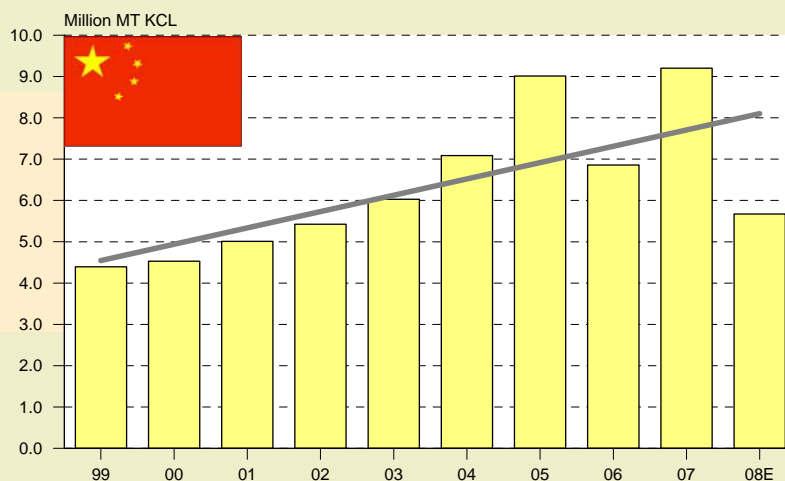


Potash

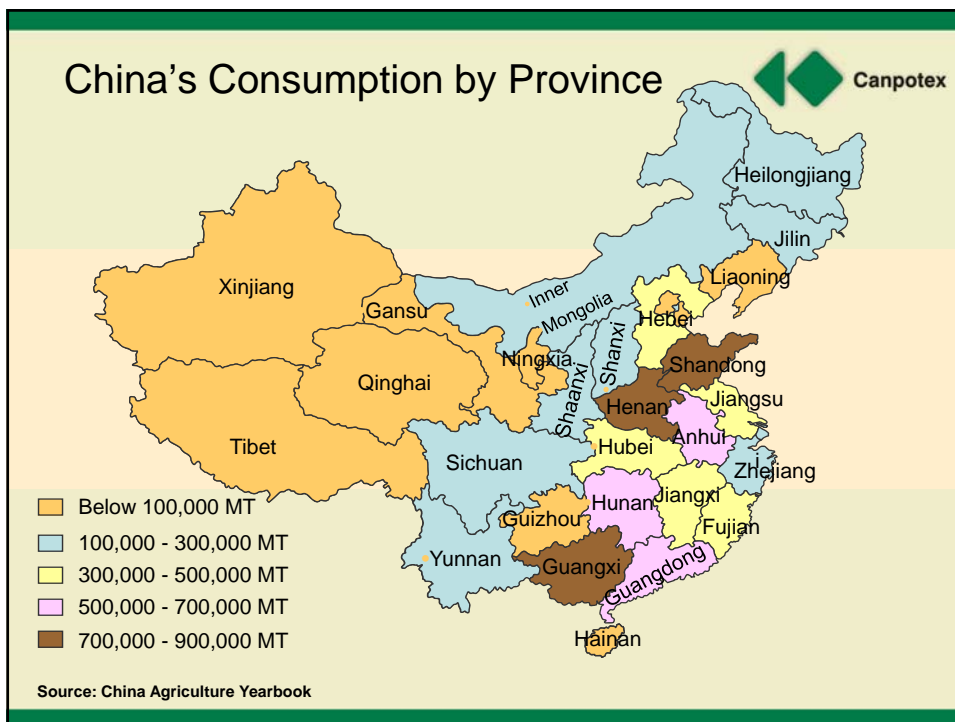


- China's current annual potash consumption is approximately 10.5 – 11.0 million tonnes
- China will produce approximately 3.0 - 3.5 million tonnes of potash in 2008
- Potash represents the largest imported fertilizer product for China and is closely monitored by the Government of China
- China will remain dependent on potash imports for the foreseeable future, making it unique compared to N & P

Potash Supplier Shipments to China



Source: Canpotex (Nov 2008)

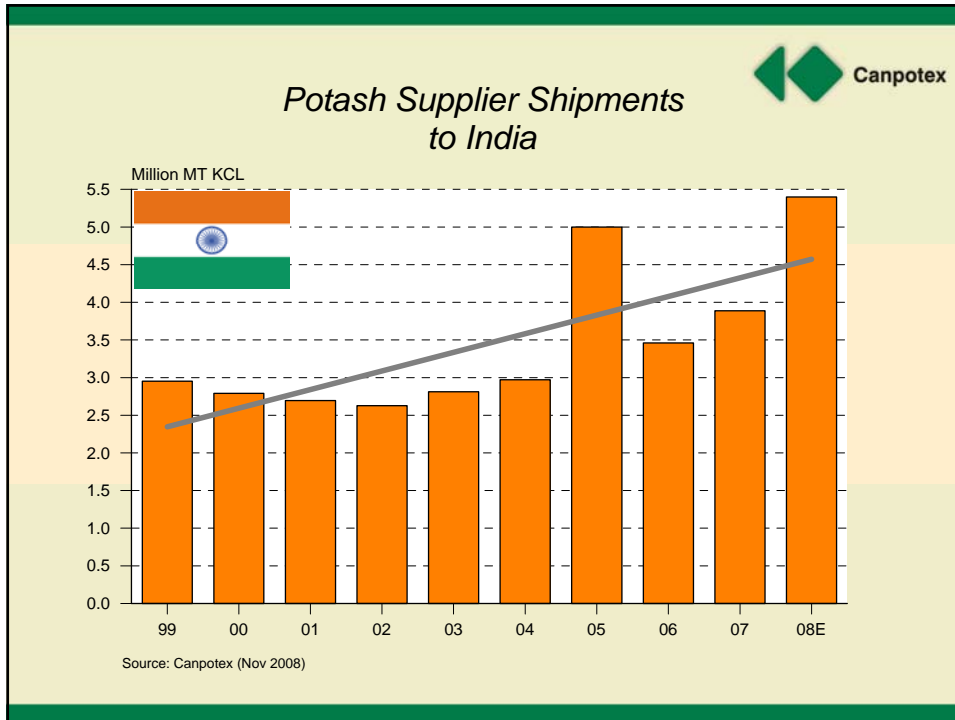


India



- India needs to feed 17% of the world's population on just 11% of the world's arable land
- Growing pressure to increase food output through balanced fertilization
- Agriculture is an important economic and political factor, representing 21% of India's GDP



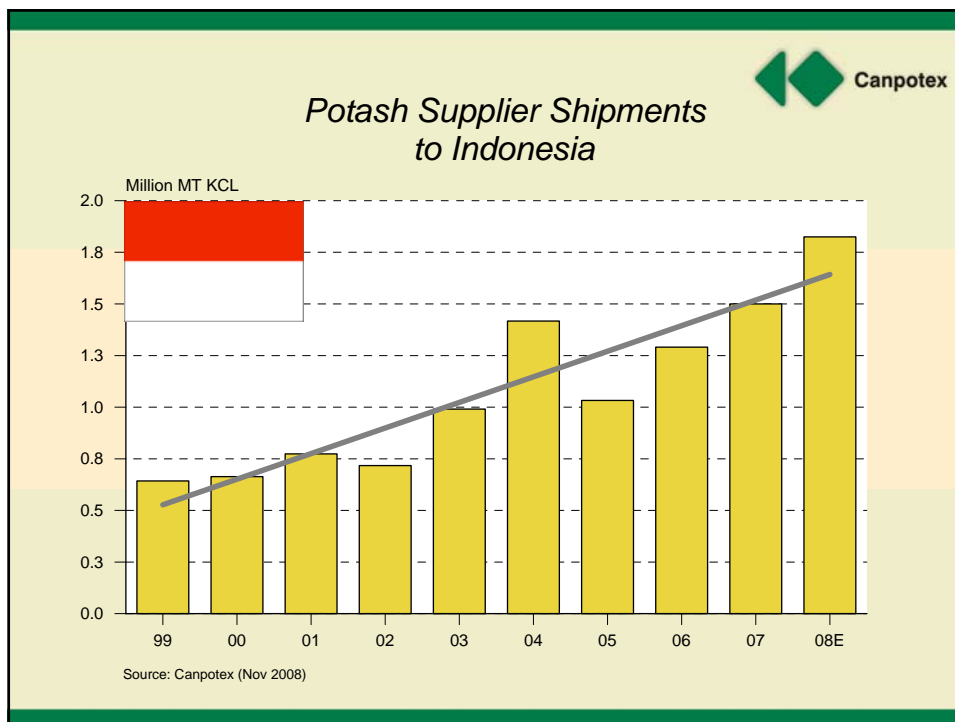



Indonesia



- World's largest producer of CPO
 - large and growing plantation sector
 - main driver for potash demand
 - prices for CPO recently declined from record-high levels, but are expected to rebound
- Large and growing biodiesel industry
- World's fastest growing potash market




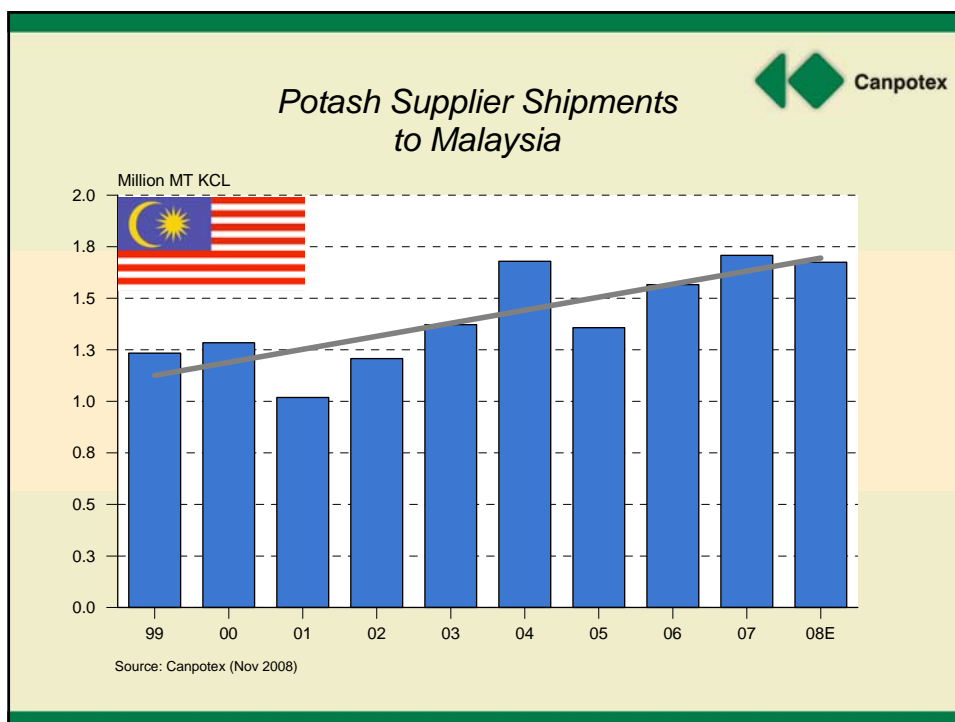


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Malaysia

- World's second largest producer of crude palm oil (CPO)
 - CPO is largest driver of potash demand
 - Prices for CPO have recently fallen from all time record-high levels, but are expected to rebound
- Record potash imports in 2007

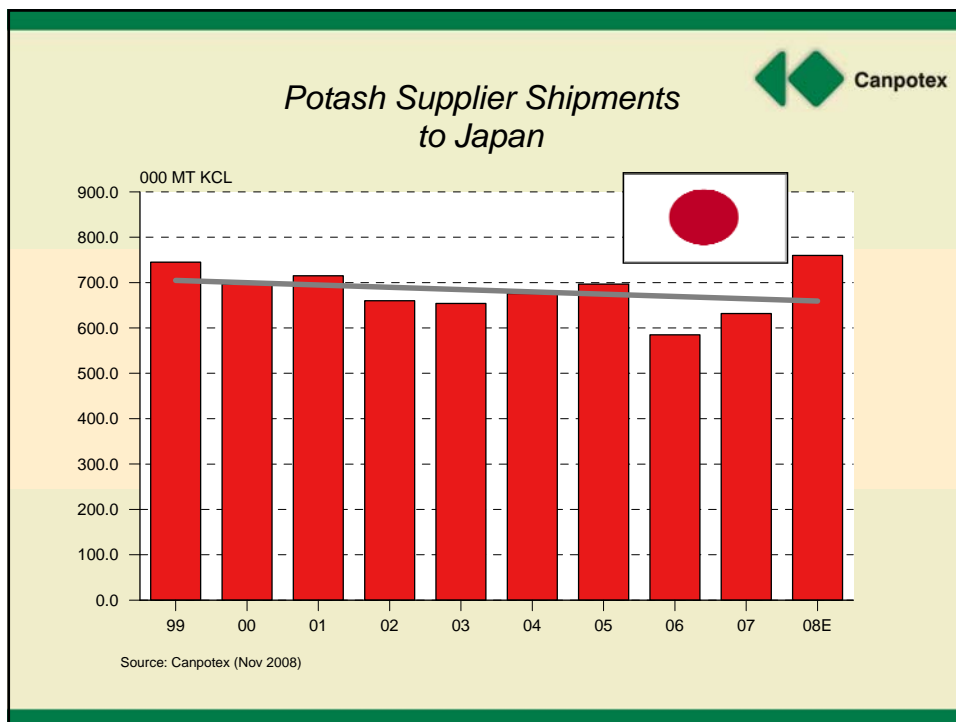




Japan

- Only about 15% of Japan's land is suitable for cultivation which induces high yield agriculture
- Potash used for both agricultural and industrial applications

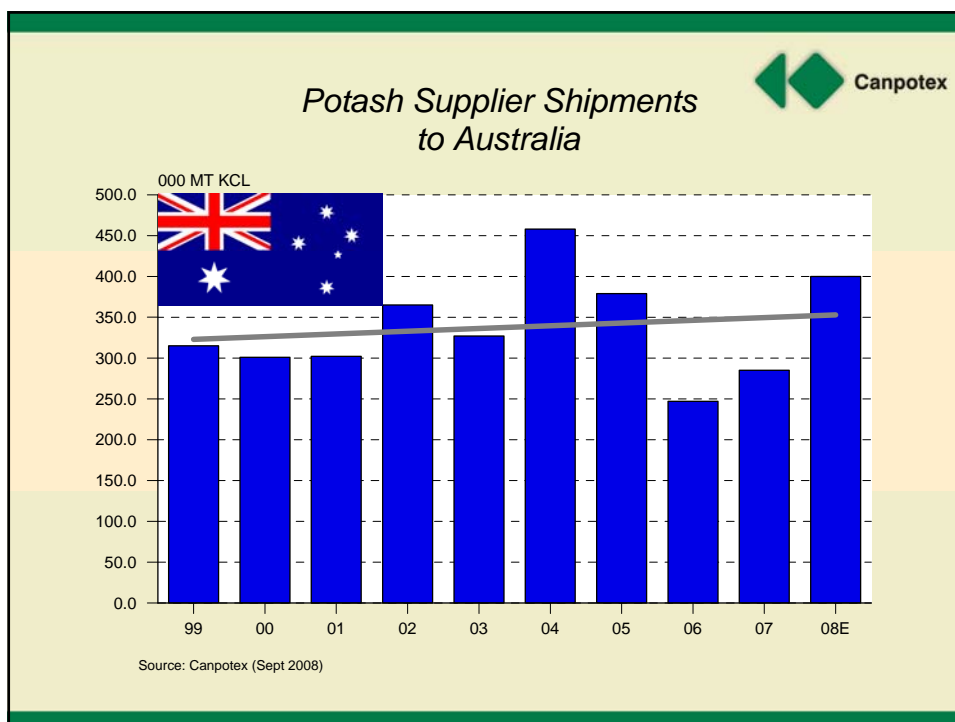
The photograph shows a person in a rural setting, likely a rice paddy field in Japan. The person is wearing a wide-brimmed hat and a light-colored shirt, and is sitting on a stone wall. The background is a lush green field, and there is a body of water in the foreground.



Australia

- Recovering from the effects of a long drought in 2008
- Adverse weather also effected the 2008 wheat harvest
- Potash used primarily in pasture, sugar and horticultural production





Outlook



- Saskatchewan producers debottlenecking and planning expansions
 - higher potash prices key for continuation of plans
- Top five largest potash markets will continue to drive strong demand for potash

Outlook

- Low world grain stock levels still prevalent and world food security issues still exist
 - provides a basis for strong agricultural fundamentals in the future
- Agricultural commodity prices expected to return to higher levels in medium to long term
- November 24, 2008 – IFA issues press release: “Fertilizer Industry warns governments against a rebound in agricultural commodity prices”

Outlook

- Logistical challenges will reoccur if demand is condensed into narrow shipment window leading to shortages and supply constraints
- Potash fundamentals are strong and future outlook is positive